

**Resolution No.\_\_\_\_\_, Series 2009**

**A RESOLUTION AUTHORIZING THE RELEASE OF  
CERTAIN MORTGAGES HELD BY LOUISVILLE METRO  
ON THE PHOENIX HILL APARTMENTS PROJECT.**

**Sponsored by: President David Tandy**

**WHEREAS**, in 1983 the former City of Louisville entered into a Development Agreement with Phoenix Hill Apartment Associates and McCormack Baron & Associates, Inc. (collectively the “Developers”) for the Phoenix Hill Apartments project east of downtown Louisville (“Phase I”); and

**WHEREAS**, in 1985, the City entered into an amended Development Agreement to develop a second phase of the Phoenix Hill Apartments and another housing project known as Chestnut Manor (“Phase II”); and

**WHEREAS**, in order to assist with the financing of Phase I, the City made two subordinate loans to the Developer totaling \$4,221,538. Such loans were secured by mortgages recorded in Mortgage Book 2149, Page 328 and Mortgage Book 2149, page 336, both in the Office of the Jefferson County Clerk (“Phase I Mortgages”); and

**WHEREAS**, in order to assist with the financing of Phase II, the City made one subordinate loan to the Developer in an amount totaling \$4,238,800. Such loan was secured by a mortgage recorded in Mortgage book 2184, page 800 in the Office of the Jefferson County Clerk (“Phase II Mortgage”); and

**WHEREAS**, the Developers have operated Phase I and Phase II as residential rental units continuously since the date of construction but because of changes in

federal tax laws the Developers have never realized the gains anticipated and have incurred losses and desire to sell Phase I and Phase II; and

**WHEREAS**, the Developers have entered into a Letter of Intent among the University of Louisville Foundation, Inc. (the “Foundation”), Brown Noltemeyer Co. (“BNC”) and Louisville Metro to sell the Project Improvements to BNC and the real property to the Foundation; and

**WHEREAS**, in order to facilitate the transaction Louisville Metro agrees to release the Phase I Mortgages and the Phase II Mortgages for the payment to Louisville Metro from the Foundation of the sum of \$1,000,000; and

**WHEREAS**, Louisville Metro is willing to release the mortgages for less than full face value because the acquisition of the real estate by U of L will create a significant public benefit to Louisville Metro by enabling the Foundation to make land available to the University of Louisville for the long term expansion of its downtown medical campus;

**WHEREAS**, this Council determines that the release of the mortgages will facilitate the sale of Phase I and Phase II to the Foundation and BNC and further the public purposes of Louisville Metro by creating jobs, enhancing tax revenues and furthering medical research and the delivery of medical care to the citizens of Louisville Metro and ensuing quality housing for students and employees at the medical campus.

**NOW THEREFORE, BE IT RESOLVED BY THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT COUNCIL AS FOLLOWS:**

**SECTION I:** That Louisville Metro agrees to a full release of the Phase I Mortgages and Phase II Mortgages in favor of the Foundation for a total payment of \$1,000,000.

**SECTION II:** That the Mayor is authorized to execute all releases, affidavits, or other documents necessary or convenient to carry out the purposes of this Resolution.

**SECTION III:** That this Resolution shall take effect upon its passage and approval.

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Kathleen J. Herron  
Metro Council Clerk

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David Tandy  
President of the Council

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Jerry E. Abramson  
Mayor

\_\_\_\_\_  
Approval Date

**APPROVED AS TO FORM AND LEGALITY:**

Michael J. O'Connell  
Jefferson County Attorney

BY: \_\_\_\_\_  
Assistant County Attorney

Phoenix Hill Apartments Mortgages – Release to UofL Foundation – 31 March 2009 – roc/bw